



PSC NEWS

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NATURAL GAS PRICES STILL HIGH..... PSC REMAINS CONCERNED ABOUT THIS WINTER

Jefferson City (June 10, 2003)---High natural gas prices, low natural gas storage inventories, summer usage for electric generation and the possibility of tight natural gas supplies. Factors that caused the Missouri Public Service Commission to voice its concern back in March remain and consumers are cautioned to beware of the real potential for higher natural gas prices this winter.

"Most of our natural gas companies submitted scheduled summer filings which increased the cost of natural gas for their customers," stated PSC Energy Department Manager Warren Wood. "Generally speaking, these recent increases have pushed the cost of natural gas to a level higher than April of 2000 which preceded January of 2001 when natural gas reached over \$10.00 per Mcf (per 1,000 cubic feet of gas). If natural gas prices stay at current levels, consumers could face a difficult 2003-2004 winter heating season," stated Wood.

Current natural gas futures prices are over \$6.00 per Mcf and the United States Energy Department recently stated that underground natural gas storage was more than 28 percent below the 5-year average.

"Those issues which caused us to issue a consumer alert in early March are still there," stated PSC Chairman Kelvin Simmons. "Natural gas futures prices are still high, a lingering cold spell in the northeastern United States in late April-early May took natural gas out of storage facilities and while the number of drilling rigs seeking natural gas has increased, it will likely be six to nine months down the road before that increased production hits the marketplace," added Simmons.

"We could be looking at a perfect storm scenario," stated Chairman Simmons. "If we see high natural gas prices coupled with cold winter weather it could be a very difficult winter for consumers," added Simmons.

"Natural gas customers should do what they can **NOW** to get ready for this winter. That includes examining ways to cut down on energy usage; making your home or business more energy efficient. Consumers should also talk with their local natural gas company to see if they have a budget billing program," stated Simmons. "Even though we do have authority to review how natural gas utilities purchase their gas, we are very limited in what the Commission is authorized to do when natural gas prices go up. We can offer assistance through the Commission's Cold Weather Rule and also provide information on where consumers can seek financial assistance. But as to the actual cost of the natural gas, our Commission does not regulate the price of wholesale natural gas which is sold to the local natural gas company. Customers need to be aware of that and be prepared in case the perfect storm hits."